

COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, FINANCE AND ACCOUNTABILITY



OVERSIGHT HEARING:

DHS in Transition:
Are Financial Management Problems Hindering Mission Effectiveness?

OPENING STATEMENT OF
CHAIRMAN TODD RUSSELL PLATTS
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Financial management at the Department of Homeland Security is in disarray. Recent reports have revealed serious accounting problems, including mismanagement of large contracts at the Transportation Security Administration, ineffective control of grants processing, and budget shortfalls at the Bureau of Immigration and Customs Enforcement. In a statement prepared for this hearing, former DHS Inspector General Clark Kent Ervin highlighted the operational impact of this budget shortfall, and I would like to read from his statement: "ICE was forced to institute a hiring freeze. Its agents had insufficient funding to fill their cars with gas, pay confidential informants, and even use their cell phones."

We owe it to the men and women who protect our borders and put their lives on the line day in and day out to do a better job managing their Department. We owe it to the taxpayers to do a much better job keeping track of the dollars they entrust to us to secure the homeland. We cannot continue to have contracts mishandled because the appropriate controls are not in place. We cannot continue to spend money and not know where it went. We cannot continue to experience budget shortfalls because projections were made with unreliable data. This must be a top priority for the Secretary.

Luckily, we have a blueprint for a sound financial management foundation: the Chief Financial Officers Act of 1990. The CFO Act was debated over five years and passed in response to financial management crises not unlike those experienced by DHS. The CFO Act established a centralized financial management structure designed to provide CFOs with the authority to make improvements and the responsibility to be held accountable for their efforts. This law applies to every major Department in the U.S. government.

Congress provided an important tool by applying the provisions of the CFO Act to DHS, giving the Department a mandate to adopt the appropriate financial management foundation. Behind the scenes, this committee has been working for over a year with DHS to ensure that this law was appropriately implemented and that all requirements were met. We worked with the Department in good faith, allowing a dual reporting structure so that the CFO could also interface with the Under Secretary for Management while still reporting to the Secretary.

DHS recently completed its Second Stage Review, but, unfortunately, the version of the new organization chart that the Secretary presented to the Congress and the public did not include any reference at all to the Office of the CFO. I am pleased to say that a new version, which I received last

evening, does in fact represent a structure that gives the CFO a direct reporting relationship to the Secretary. We do not presume to think that implementing this structure will be a magic bullet and solve all the problems at DHS, but it is a foundation that will ensure that financial management is a top priority and that the CFO has the necessary standing to impose the needed reforms.

One requirement of the law that has not been addressed, however, is the fact that the CFO candidate must be confirmed by the Senate – something that has not yet occurred. I am interested to hear what steps will be taken to remedy this situation.

Yesterday marked exactly 58 years since President Truman signed the National Security Act, creating the Department of Defense on July 26, 1947. In the nearly sixty years since its creation, DoD has yet to get a handle on its financial management. We cannot afford to have DHS go down the same road, and an appropriate focus on financial management sooner rather than later is a key step.

Complying with the CFO Act is not onerous, and it is not optional.